

From: Kevin McGowan [<mailto:kevin@mcgowanwalsh.com>]
Sent: Tuesday, February 12, 2008 10:32 AM
To: Smith, Mary Lilly
Cc: chris@blueurban.com
Subject:

Mary,

As the weather has stymied our visit to your fine city this morning I will not be able to attend the city council meeting this evening. I had planned to make myself available to speak to the council about how critical the scheduled Square improvements are to the Heer's Building development and to downtown. If in my absence you might convey the following on behalf of Blue Urban I would greatly appreciate it.

For over two years I have been working on a development plan for the Heer's that is both financable and good for downtown. As you are aware others have tried and failed to make this project work, others didn't have the financial ability and others found the project too daunting and quit. I committed to you from the beginning a quality project with outrageous rooftop amenities, a Mike Shannon's, office and retail space. I committed not only the resources of Blue Urban but my personal resources to this project and accepted deadlines and penalties should I fail.

From the beginning my position has been Blue Urban would be willing to take the \$25 million dollar investment risk to develop Heers only if the city would commit to redeveloping the Square. Springfield made that commitment and others that allowed me the comfort to commit to this project. Your commitment to the Square is quite frankly the reason Shannon's is willing to open in the Heer's. It is also the reason a second restaurant venue is close to signing for most of the remaining first floor space. The timetables we mutually agreed to are critical to this development and to the first floor restaurant leases. To delay will cost this project thousands of dollars while potentially delaying our start and completion dates. A contingency to our financing is your commitment to developing the Square and the meeting of deadlines.

Since we began exploring the Heer's project and particularly since closing on the property we have incurred hundreds of thousands of dollars worth of predevelopment costs in advancing this project. We have willingly granted major concessions to contractual commitments made by Springfield, at their request, which have negatively impacted the financability of the project. In short, while this project has become more of a challenge than either party expected we remain committed to it. However, in light of all of the changes to date and now the Square matter, perhaps we both may want to sit down and discuss amending our agreement if the Council decides more time is needed to settle this matter. As a favor to Springfield I closed on this building ahead of necessary commitments I would need from Springfield in order to go forward with the development of Heer's. This building is costing Blue Urban thousands of dollars a day and any delay will cost Blue Urban more. Please impress upon the Council any delay adds peril to this project. The Square is necessary for Heer's but more necessary for Springfield.

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